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**FISCAL IMPACT STATEMENT**

**LS 7328**

**BILL NUMBER:** HB 1330

**NOTE PREPARED:** Jan 12, 2013

**BILL AMENDED:**

**SUBJECT:** Taxation of mobile homes.

**FIRST AUTHOR:** Rep. Hamm

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that only the owner of a mobile home may obtain the permit required to move the mobile home from one location to another.

The bill requires the Department of Local Government Finance (DLGF) to develop a system for recording the property tax information for a mobile home that is not assessed as real property. It requires that the system must use an identification number that is unique to the vehicle identification number of the mobile home.

This bill imposes recording and escrow requirements upon purchase contracts for a mobile home or manufactured home that is not assessed as real property. It provides that for assessment dates after December 31, 2013:

- (1) a contract buyer claiming the standard deduction with respect to a mobile home or manufactured home that is not assessed as real property while purchasing the mobile home or manufactured home under a contract must show compliance with the new requirements; and
- (2) an owner other than a contract buyer must attach a copy of the owner's title to the mobile home or manufactured home to the application for the deduction.

The bill specifies that a reference to a manufactured home in the certificate of title law must be construed as a reference to a mobile home.

This bill provides that mobile home community registers must be open to inspection by township and county assessors. It requires that the registry must include a copy of the permit authorizing the movement of the mobile home or manufactured home from one location to another or authorizing a transfer of the title to the mobile

home or manufactured home.

The bill also provides that a county recorder may record a purchase contract for a mobile home or a manufactured home only if the contract seller provides a copy of the title to the mobile home or manufactured home before submitting the purchase contract for recording.

**Effective Date:** Upon passage; July 1, 2013.

**Explanation of State Expenditures:** The DLGF would incur additional expenses to develop a mobile home tax record system. The DLGF is already engaged in web-based data submission and database access. If the mobile home tax database can be developed as a module on an existing system, the additional state expense could be minimal.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The provisions in the bill would increase the collection rate for property taxes on manufactured homes. There are about 121,000 manufactured homes in the state with an annual net tax of about \$10 M.

Under current law, either the owner or the occupant of a manufactured home may obtain a permit to move the home. The county treasurer may issue the permit only if the taxes due on the mobile home have been paid. This bill would allow only the owner, and not the occupant if different from the owner, to obtain a permit.

Under this bill, a purchase contract for a manufactured home must specify the responsible party for property tax payments and it must be recorded by the county recorder. If the buyer is responsible for taxes, the contract must provide for an escrow account to be held by the seller. Property tax would be paid from the escrow account.

Regarding mobile home contract purchases, new applications for the homestead standard deduction that are filed for taxes payable beginning in CY 2015 would not be approved unless the parties comply with the new requirements for contracts. The applicant would have to provide to the county auditor, information necessary for the auditor to receive property tax payments from the escrow account.

*Background:* Homesteads receive a property tax standard deduction worth 60% of AV up to \$45,000 and the supplemental standard deduction worth 35% on the first \$600,000 of net AV after the standard deduction plus 25% of the net AV that exceeds \$600,000. The aged, blind/disabled, and veterans property tax deductions may also apply. In addition, homestead property is subject to a 1% circuit breaker cap. Nonhomestead residential property does not qualify for these deductions and is subject to a 2% circuit breaker cap.

**State Agencies Affected:** Department of Local Government Finance,

**Local Agencies Affected:** County auditors; County treasurers; County recorders.

**Information Sources:** LSA property tax database.

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